

INFORMATION LETTER

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NATIONAL CANNERS ASSOCIATION

For Members
Only

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D. C. BUSINESS PRIVILEGE TAX

New Regulations Permit Apportionment of Gross Receipts—Canners Urged to Protest

Members of the Association recently have shown considerable interest in the District of Columbia Business Privilege Tax, which was imposed by a statute originally enacted by Congress on August 17, 1937. The statute required all persons engaging in business in the District of Columbia to procure a license for the fiscal year ending June 30, 1938, for which \$10 was charged, and to pay a tax of $\frac{1}{2}$ of 1 per cent of their gross receipts from District of Columbia business during the calendar year 1936. On May 16, 1938, Congress amended and reenacted the statute for another year, requiring a renewal of the license for the fiscal year ending June 30, 1939, and the payment of the tax on gross receipts for the calendar year 1937.

The District of Columbia administrative officials have ruled that canners, who solicit orders in the District of Columbia through brokers or salesmen, are subject to the Act, must procure a license, and pay the tax.

There are set forth below several recent developments in connection with the Business Privilege Tax which will, it is believed, be of interest.

Apportionment of Gross Receipts

Instead of paying Business Privilege Tax on the *entire* gross receipts derived from District of Columbia sales, canners may, under new regulations recently issued by the District of Columbia Commissioners, divide their gross receipts into two portions, one representing the cost of selling in the District and the other the cost of manufacturing, and pay the tax only on the portion representing selling activities in the District. It is expected that the apportionment allowed under these new regulations will materially decrease the taxes which canners will be required to pay.

Under the law in force in the District of Columbia last year, no apportionment of gross receipts was permitted, and nonresident manufacturers who sold merchandise in the District were required to pay the tax of $\frac{1}{2}$ of 1 per cent on the entire gross receipts received from District sales. The imposition of the tax on this basis raised many doubts as to the constitutionality of the statute. Consequently, Congress, when it amended the statute in May, inserted a provision authorizing the District of Columbia Commissioners to promulgate regulations allowing an apportionment of gross receipts.

The regulations set forth specific formulae by which this apportionment is to be made. Under the formula applicable to canners who have no office or place of business in the District, the portion of the gross receipts which represents the expenses of selling in the District of Columbia (including advertising and delivery costs) is allocated to the District of Columbia for tax purposes, and the portion which represents manufacturing or processing costs (not including cost of materials) is allocated to the place of manufacture. The

portion of the gross receipts remaining after both selling expenses and manufacturing costs have been deducted from the entire gross receipts is divided equally, one-half being allocated to the District, and one-half to the place of manufacture. The tax is imposed only on the portion of the gross receipts which has been allocated to the District, namely, that representing selling expenses plus the portion remaining after selling expenses and manufacturing costs have been deducted from the entire gross receipts.

Apportionment is permitted only as to taxes paid on gross receipts for the calendar year 1937. It will be recalled that the return of gross receipts for the calendar year 1937 should have been filed on or before July 31, 1938. It is suggested that any canner who filed his return without requesting apportionment, should file an amended return in which apportionment is requested. (It should be clearly designated an amended return.) The face of the return should disclose the entire gross receipts, and a schedule should be attached

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FOOD REGULATIONS ISSUED

New Rules Authorized by New Federal Act Govern Collection of Food Samples

General administrative regulations which will control the collection of food samples under the new Federal Food, Drug, and Cosmetic Act were issued by the Department of Agriculture on July 22. The regulations, which are the first to be promulgated under the new Act, will not become effective until June 25, 1939. With the exception of authority to draw up regulations, none of the food sections of the statute will take effect until that date.

Although the issuance of the regulations was not preceded by a public hearing, it is certain that public hearings will be held before regulations are promulgated concerning those sections of the law dealing with definitions and standards, special dietary uses, emergency permit control, and certification of coal-tar colors. The statute explicitly states that the Secretary of Agriculture "shall hold a public hearing upon a proposal to issue, amend, or repeal any regulation" contemplated by any of the above mentioned sections.

According to Food and Drug Administration officials, it is their intention to issue all future regulations in tentative form and to hold public hearings regardless of whether hearings are required under the Act. It is likewise their intention to provide an opportunity for trade and public comment on the regulations controlling the collection of food samples. It is not expected, however, that any hearings will be held before October of this year.

A complete analysis of the new Federal Food, Drug, and Cosmetic Act is in the course of preparation by the Association's counsel and will be forwarded to the industry shortly.

The text of the regulations covering collection of food samples follows:

General Administrative provisions; examinations and investigations. Regulations under Sec. 702 of the Federal Food, Drug, and Cosmetic Act.

Section 201

- (a) Official sample defined; analysis defined.
- (b) Size of official samples.
- (c) Provision of part of official sample to person named on label or to owner.
- (d) Provision of part of official sample to persons other than those having rights under (c).

Sec. 201. (a) An official sample is a sample collected by an officer or employee of the Department from a shipment or other lot of an article within the jurisdiction of the Act, with records or other evidence showing such jurisdiction. Analysis includes examinations and tests.

(b) An official sample of a food, drug, or cosmetic collected for analysis under the Act shall be at least twice the quantity estimated by the officer or employee to be sufficient therefore, unless—

(1) the amount of the article available and reasonably accessible for sampling is less than twice the quantity so estimated;

(2) the cost of twice the quantity so estimated exceeds \$10;

(3) the article is perishable;

(4) the sample is collected from a shipment which is being imported or offered for import into the United States, or from a person named on the label of the article, or his agent, and such person is also the owner of the article; or

(5) the analysis consists principally of rapid analytical procedures, organoleptic examination, or other field inspection examinations or tests, made at the place where the sample is collected or in a mobile or temporary laboratory.

In addition to the quantity of sample prescribed above the officer or employee shall, if practicable, collect as part of the sample such further amount of the article as he estimates to be sufficient for use as exhibits in the trial of any case under the Act based on the sample.

(c) After the Food and Drug Administration has completed such analysis of an official sample of a food, drug, or cosmetic as it determines, in the course of analysis and interpretation of analytical results, to be adequate to establish the respects, if any, in which the article is in violation of the Act, and has reserved an amount of the article it estimates to be adequate for use as exhibits in the trial of any case under the Act based on the sample, a part of the sample, if any remains available, shall be provided for analysis, upon written request, by any person named on the label of the article, or the owner thereof, or the attorney or agent of such person or owner, except when—

(1) the sample, after collection, has become decomposed or otherwise unfit for analysis, or

(2) the request is not made within a reasonable time before the trial of any case under the Act based on the sample.

The person, owner, attorney, or agent who requests the part of sample shall specify the amount desired and make advance payment of the cost thereof. A request from an owner shall be accompanied by a showing of ownership, and a request from an attorney or agent by a showing of authority from such person or owner to receive the part of sample. When two or more requests for parts of the same sample are received the requests will be complied with in the order in which they were received so long as any part of the sample remains available therefor.

(d) When an official sample of a food, drug, or cosmetic is the basis of a notice of hearing under section 305 of the Act, or of a case under the Act, and the person who received

the notice or who is a party to the case has no right under paragraph (c) to a part of the sample, such person or his attorney or agent may obtain a part of the sample upon request accompanied by a statement from each person named on the label of the article, and owner thereof, who has not exercised his right under paragraph (c), waiving such right. The operation of this paragraph shall be subject to the exceptions, terms, and conditions prescribed in paragraph (c).

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showing selling expenses and manufacturing costs and requesting apportionment.

Copies of the regulations relating to apportionment may be obtained from the Office of the Assessor, District Building, Washington, D. C., or by writing to the Association.

District Court Holds Former Tax Unconstitutional

In a decision rendered on July 21, 1938, Justice Bailey of the District Court for the District of Columbia, held that the District of Columbia Business Privilege Tax, under the statute as it was in force last year, could not constitutionally be applied to the gross receipts derived from sales made in interstate commerce. The District of Columbia had contended that such interstate sales could be taxed, since the statute was enacted by Congress, and Congress has plenary power to regulate interstate commerce. Justice Bailey rejected this argument, and concluded that the power of Congress to regulate interstate commerce does not include the power to burden it for the benefit of the District of Columbia. He stated that, in his opinion, when Congress is legislating for the District of Columbia, it possesses powers no greater than would an ordinary State legislature.

Although the greater portion of canned foods sold in the District of Columbia is sold in interstate commerce, it is suggested that it would be inadvisable for canners to rely on this decision as a reason for not filing returns and paying the taxes. The decision related only to the statute which was in effect last year, and Justice Bailey did not consider the amendments enacted by Congress in May, 1938. It is possible that the amendment permitting apportionment might be deemed by a court to have removed the constitutional objections which Justice Bailey found inherent in the old law. Moreover, it is expected that the decision will be appealed to the Court of Appeals, and possibly to the Supreme Court, and these courts may reach a different conclusion concerning the constitutionality of the tax.

It is believed that it would be advisable for canners who, under the rulings of the District of Columbia taxing authorities, are subject to the law to pay the tax under protest, and to take the steps outlined below to preserve their rights to recover it. In this way the imposition of additional penalties may be avoided.

Canners Should Pay the Tax Under Protest

In order to preserve all rights to recover District of Columbia Business Privilege Taxes paid, it is essential that canners make the tax payments under written protest. For, in the absence of such written protest, the taxes may not be recovered even though the courts subsequently determine that the tax is not legally applicable to gross receipts from interstate transactions.

Where taxes are paid under written protest, the canner may, if he so desires, file a formal appeal to the Board of Tax Appeals of the District of Columbia, requesting a refund of the taxes paid. The Board of Tax Appeals was established by an Act of Congress passed on May 16, 1938, and affords a statutory procedure for recovering illegally collected taxes. The appeal must be filed *within ninety (90) days* after the date the District of Columbia Assessor mailed the tax bill to the taxpayer. The decision of the Board of Tax Appeals may be appealed to the Court of Appeals of the District of Columbia, and the District of Columbia is required to refund any taxes which the Board (or the Court in reviewing the Board's decision) determines to have been illegally collected. If the canner does not wish actively to litigate such an appeal, he may request the Board to place it on the reserve calendar pending court decisions finally determining the constitutionality of the taxes. If the only question involved in the appeal is whether the tax is legally applicable to interstate transactions, it is possible that such requests will be granted, since court cases relating to this very question are now pending.

If the canner does not appeal to the Board of Tax Appeals, the only way in which he can recover the taxes paid is by suing the District of Columbia in an action at law. In this action he must demonstrate not only that the taxes were paid under written protest, but also that they were paid involuntarily and under actual duress. It is not clear whether the Courts will consider the mailing of a tax bill sufficient duress to entitle the taxpayer to recover, or whether he must show that the District of Columbia authorities actually were threatening to prosecute him or to seize his property for failure to pay the tax. For these reasons, the recovery of taxes by this procedure may be difficult.

It is suggested that any canner who has paid or will pay any substantial amount in taxes consider the advisability of filing an appeal to the Board of Tax Appeals of the District of Columbia. Such an appeal must be filed within 90 days after the date the tax bill was mailed.

SOCIAL SECURITY DEVELOPMENTS

Possession of Social Security Account Number No Evidence Child May be Legally Employed

In a recent press release, the Social Security Board warned employers that the mere fact that a child possesses a social security account number does not mean that the child may be employed without violation of any State or Federal child labor laws. In a number of instances, employers have sought to justify a violation of a child labor law on the grounds that the minor illegally employed possessed a social security account number. The Board explained that this is no justification, and that the possession of a number does not indicate that the child may be legally employed.

Counsel Claims Agricultural Workers Hired for Growers

The correctness of the Bureau of Internal Revenue's rulings that agricultural workers are not exempt from social security taxes unless they are employed by the owner or tenant of the farm, has been questioned in a brief recently filed with the Bureau by counsel for the Association on behalf of one of its members and as a test proceeding for the

industry. The canner in question occasionally assembles, as do many other canners, crews of workers to harvest canning crops grown on the farms of his growers. This is done merely as a convenience to the grower, since the grower usually does not have either cash or facilities for hiring a harvesting crew. The crew is paid by the canner, and their wages are deducted from the payments which the canner makes to the grower. The Bureau of Internal Revenue assessed additional social security taxes against the canner on the grounds that the harvesting crews were not exempt as "agricultural labor", since the canner did not own or lease the farms upon which they worked.

Because of the importance of this question to all canners, counsel for the Association has protested the Bureau's action. In the brief, counsel contended that the harvesting crews are in fact the employees of the farmer, and even if not, their services are exempt as "agricultural labor". The brief further argues that the statute imposes no requirement that an employer be the owner or tenant of the farm if his employees, performing services clearly agricultural in nature, are to be exempt as "agricultural labor". The Bureau of Internal Revenue now has the matter under consideration.

Wage-Hour Administrator Begins Work Monday

Elmer F. Andrews, presidentially appointed Administrator of the Fair Labor Standards Act, is scheduled to arrive in Washington on Monday, August 1, to begin the task of establishing and proceeding with the administration of the wage and hour law, according to the U. S. Department of Labor. Administrator Andrews' appointment was announced by President Roosevelt on July 15.

For the past nine years Mr. Andrews has been connected with the New York State Industrial Commission, first as a deputy commissioner under Frances Perkins and then as Commissioner, following her acceptance of the portfolio of Secretary of Labor in President Roosevelt's cabinet.

Uniform State Wage-Hour Legislation Planned

Possibilities of enactment of uniform State wage and hour legislation, which would supplement the provisions of the new Federal statute in intrastate activities, are being considered by Labor Department officials according to information made public on Wednesday by the Chief of the Labor Standards Division. Tentative arrangements have been made for a conference of State labor commissioners some time next month, the exact date to be announced shortly by Secretary Perkins.

The meeting will be primarily for the purpose of drafting a model State law which can be presented to the 40-odd State legislatures when they convene this coming January, it is understood. It is probable that the State labor officials will also discuss the problem of State cooperation in the enforcement of the Federal statute.

British Cut Copper Tolerance in Tomato Puree

Tomato puree, which contains copper in more than 50 parts per million of dried total solids, will not be permitted to enter the United Kingdom after January 1, 1939, according to announcement of the Port Medical Officers of Health.

Further reduction in amount of copper permitted apparently is planned.

Fifty parts per million of copper expressed on the dry basis is equivalent to only 4 or 5 parts per million on tomato puree as manufactured. Raw tomatoes contain from 10 to 35 parts of copper per million, expressed on the dry basis. It is therefore apparent that the proposed tolerance makes only small allowance for copper that may be taken up from equipment used in manufacturing tomato puree.

The announcement of the Port Medical Officers of Health is as follows:

"The question of contamination of imported tomato puree by copper has been under consideration by the appropriate department of the Ministry of Health.

"The presence of copper in this food is undesirable; proper processing including the use of suitable containers can reduce the copper content to a negligible amount.

"It is proposed that after 1st January, 1939, action will be taken in regard to any consignment containing copper in more than 50 parts per million of dried total solids, and eventually a further reduction in this amount will be required.

"The proposed action would be taken under the Public Health (imported food) Regulations under which it is unlawful to import for sale for human consumption any article of food which has been examined by a competent authority and not found at the time of examination to be fit for human consumption."

MOLD COUNT IN TOMATO JUICE

Action Taken by Government Reduces Tolerance to 25 Per Cent of Fields

Reduction in the tolerance on mold count in tomato juice, which for two years has been 35 per cent of fields, to 25 per cent of fields, has been announced under date of July 27 by W. G. Campbell, Chief of the Food and Drug Administration. No change has been considered in the mold count of other tomato products, which remains 50 per cent of fields. The fact that the Administration was considering a substantial reduction in tolerance on mold count in tomato juice was noted in INFORMATION LETTER No. 700, issued June 4, 1938.

Mr. Campbell's statement to tomato juice packers reads as follows:

"In 1936 the Food and Drug Administration announced a mold count limit of 35 in tomato juice pending consideration of a further reduction. Observations of the Administration and the experience of canners show that under present day methods proper care in manufacturing operations will result in a finished tomato juice showing mold counts materially less than 35. Pending consideration of a further lowering the Administration will regard tomato juice showing mold filaments in more than 25 per cent of the fields as an adulterated article subject to action."

1938 Apple Crop Forecast Below Average

Following one of the largest apple crops produced in the past two decades, the total 1938 crop was indicated by July 1 conditions at 134,000,000 bushels, according to the July 22 issue of "The Fruit Situation," published by the Bureau of Agricultural Economics. This is one-third less than the 1937 crop and one-tenth smaller than the 1927-36 average production.

"But rather large supplies of competing fruits are in prospect," the Bureau reported. "Consumer incomes are lower than a year ago, but an upward trend in consumer demand seems likely for the 1938 marketing season. With a smaller crop in Europe, some improvement in the foreign demand for United States apples is indicated."

Early varieties of apples (Duchess, Transparent, etc.) being marketed in both eastern and western sections of the country at the present time are generally of better quality and larger sizes than usual.

Wells A. Sherman Retires

Wells A. Sherman, for the past 18 years in charge of the fruit and vegetable marketing and regulatory work of the Bureau of Agricultural Economics, will retire from Government service on July 31. Mr. Sherman, who has been in Federal service for nearly 43 years, leaves his present post under automatic retirement.

PROGRESS OF CANNING CROPS

Information on Certain Crops as of July 15 Compiled by Agricultural Bureau

Summary of information on condition and progress on July 15, of important truck crops for commercial manufacture, compiled from canners' reports was released on July 22, by the Bureau of Agricultural Economics. The statements on soil and weather conditions, advancement in growth and progress of harvest refer to the two-week period immediately preceding July 15.

Packing green peas is nearly finished except in a few scattered areas. Harvesting snap beans is shifting from Delaware-Maryland, Kentucky-Tennessee areas and the Ozarks northward. The weather is advancing the growth of tomatoes in Virginia and the southern part of the Tri-State territory so packing may start before the end of July.

SNAP BEANS.—Condition of the snap bean crop continued above average through the first two weeks of July. The total production indicated on July 15, was 119,200 tons for manufacture. This is 13 per cent above the previous record high production of 105,300 tons estimated for 1937.

GREEN PEAS.—In the important late States where harvesting was nearing completion by July 15, improved prospects have raised the total 1938 indicated production of green peas for canning and freezing to a record high of 281,670 tons. This is 5 per cent above the previous record high production of 268,110 tons obtained in 1937.

SWEET CORN.—Condition of the crop of sweet corn for canning has been maintained through the first two weeks of July by the warm weather and adequate soil moisture. Scattered heavy thunder showers in a few middlewestern States have injured some fields but the loss is not extensive. In many of the States, the corn was in tassel by July 15, and farmers had discontinued cultivating for the season.

TOMATOES.—The indicated condition of the crop of tomatoes for manufacture on July 15, had declined slightly from the relatively favorable condition of July 1, although it was still above average.

MINOR CROPS.—The condition of lima beans for manufacture continued to improve through the first two weeks of

July. Mexican bean beetles are menacing the crop in Maryland but in the other important States the crop is growing favorably. The condition of beets for canning is also better than average.

The condition of cabbage for kraut on July 15, has declined somewhat from the relatively favorable conditions of July but is still better than usual. Cucumbers for pickling are growing under favorable conditions although the crop is not as far advanced in the important northern States as it was on July 15, last year.

Florida Canned Citrus Shipments to West Coast

Shipments of Florida canned citrus products to Pacific Coast points in June, as reported by the Bureau of Foreign and Domestic Commerce, were as follows: Grapefruit, 12,349 cases; grapefruit juice, 15,540; grapefruit and orange, 160; grapefruit and orange juice, 693; orange, 20; orange juice, 373; total, 30,135 cases. Shipments of unidentified combinations of canned citrus products amounted to approximately 242 short tons.

Activities in the Service Kitchen

The new Service Kitchen of the Home Economics Division is the scene of much activity this summer. Since Miss Katherine Smith arrived the middle of June to do the recipe testing and development of new recipes under the supervision of Miss Black, the kitchen has been a busy and popular place. Recipes have been tested for some canners and new recipes have been developed for several others.

The services of the kitchen are available to any member of the association and the work will be done in the order in which the requests are received.

In addition to the special work for members, recipes are being worked out for use in a leaflet that the Division is planning to publish this fall.

Exports of Canned Fruits from Australia

Total exports of canned fruits from Australia were 83,888 cases larger during the first six months of 1938 than during the same period in 1937, according to figures reported by the office of the American trade commissioner at Sydney. Canned fruit exports during the first six months of 1938 totaled 815,393 cases, as compared with 731,505 cases during the first six months of 1937. Exports of canned apricots, peaches, salad fruits, and pineapples increased in quantity, but exports of pears decreased. The following table shows exports and country to which they were shipped:

	January 1 to May 31				
	Apricots	Pears	Peaches	Salad	Pine-apple
	Cases	Cases	Cases	Cases	Cases
United Kingdom...	100,495	261,235	375,877	255	9,182
New Zealand.....	5,254	1,495	13,264		1,311
Canada.....	3,319	425	11,610	1,014	20,683
Far East.....	1,330	2,331	3,440	564	4
Others.....	445	1,010	735	57	58
Totals, 1938....	110,843	266,496	404,926	1,890	31,238
Totals, 1937....	59,446	343,856	305,096	1,870	21,237

Japanese Canned Salmon Exports Rise in April

Shipments of canned salmon from Japan during April, 1938, attained the unusually high figure of 257,673 cases, more than double the total exports during the first three months of the year, according to a report dated June 20 from the office of the American commercial attache at Tokyo. The largest part of the gain was in red salmon to Europe totaling 198,554 cases, and most of this went to the United Kingdom.

California Bean Stocks on July 1

Total holdings of dry beans in California warehouses on July 1 remained the heaviest of record for this date, according to a report dated July 18 of the California Department of Agriculture Market News Service. They totalled 1,325,892 bags or 74 per cent more than a year earlier and 81 per cent more than average July 1 holdings of the past five years. Total stocks represented 23 per cent of the estimated seasonal supply as compared with 17.1 per cent a year earlier and an average of 18.5 per cent. Good shipments continued in June, stocks showing the greatest reduction of record for this month. Holdings showed a net reduction of 266,987 bags during June, or 53 per cent more than in June, 1937, and 65 per cent more than the average June reduction of the past five years. Total movement from this season's heavy supplies up to the first of July apparently has been the heaviest of record.

Veterans Bureau Seeks Bids on Canned Foods

The Procurement Division of the Veterans Administration is asking for bids, to be opened on August 11, on 3,800 dozen No. 10 cans of figs packed 6 to the case and 125 dozen cans of blueberries. The Bureau also seeks bids, to be opened on the same date, on 22,400 dozen No. 2 cans of Golden Bantam corn packed 24 to the case and 4,000 dozen cans of White corn. Bids are to be opened on August 16 on 2,750 dozen No. 10 cans of lima beans packed 6 to the case; on August 18 on 13,150 dozen cans of tomatoes and 5,650 dozen cans of tomato puree; and on August 19 on 2,150 dozen cans of beets, 1,200 dozen cans of carrots, 3,150 dozen cans of sauerkraut, and 300 dozen cans of pumpkin. Also on August 19 bids are to be opened on 525 dozen No. 2½ cans of sweet potatoes packed 24 to the case. Deliveries are to be made f. o. b. destinations as follows:

	Can size	Perryville Doz. cans	San Francisco Doz. cans	Chicago Doz. cans
Figs.....	10	600	1,400	1,800
Blueberries.....	10	50	25	50
Corn:				
Golden Bantam...	2	6,600	3,400	12,400
White.....	2	2,600	1,400	
Beans, lima.....	10	750	1,500	500
Tomatoes.....	10	4,000	3,650	5,500
Tomato puree.....	10	2,550	1,600	1,500
Beets.....	10	550	1,200	400
Carrots.....	10	400	400	400
Sauerkraut.....	10	850	600	1,700
Pumpkin.....	10	25	125	150
Sweet Potatoes.....	2½	50	300	175

Copies of the invitations, including specifications and general conditions, may be obtained by communicating with A. J. Harrison, Chief of the Procurement Division, Veterans Administration, Arlington Building, Washington, D. C.

CANNED FOOD EXPORTS AND IMPORTS

Exports of evaporated milk and canned fish increased during June, 1938, over June, 1937, but exports of canned meats, vegetables, condensed milk, and fruits dropped. Exports during the first six months of 1938 of condensed and evaporated milk increased greatly over 1937. Imports of canned vegetables, mushrooms and tomatoes have increased during the first six months of 1938, compared with 1937. The following table, compiled from records of the Department of Commerce, furnishes figures for the month of June and the first six months of 1938 as compared with 1937:

EXPORTS	June, 1937		June, 1938		Jan.-June, 1937		Jan.-June, 1938	
	Pounds	Value	Pounds	Value	Pounds	Value	Pounds	Value
Canned meats, total...	1,077,765	\$275,494	883,002	\$294,751	7,945,490	\$2,256,890	7,022,801	\$2,430,789
Beef, corned, roast, boiled, hash, ham-burger.....	35,584	9,591	20,726	3,848	408,096	100,483	237,385	62,894
Beef, other.....	60,314	20,061	60,777	22,416	1,197,442	381,628	908,010	326,395
Pork.....	531,177	186,564	627,797	229,142	3,998,177	1,340,323	4,490,269	1,707,055
Sausage.....	105,380	27,665	88,321	22,822	899,652	242,474	635,379	179,617
Other.....	345,310	31,613	85,381	16,523	1,442,123	191,982	751,758	154,828
Canned vegetables, total	4,293,638	480,851	3,437,056	344,505	21,270,013	2,133,284	16,622,345	1,544,950
Asparagus.....	2,071,525	325,472	1,574,121	216,020	8,585,167	1,203,159	4,720,336	690,377
Baked beans and pork and beans...	795,164	38,931	350,304	16,457	3,548,561	188,903	2,514,073	115,014
Corn.....	154,350	11,825	125,130	9,227	982,835	78,515	1,042,105	79,292
Peas.....	270,785	18,355	252,562	17,531	1,650,606	117,388	1,871,817	142,814
Soups.....	185,362	17,831	284,353	28,420	1,422,832	138,488	1,515,028	152,064
Tomatoes.....	91,847	6,562	147,247	8,331	843,185	49,577	622,793	38,903
Tomato paste.....	65,401	7,595	87,529	5,291	412,556	39,319	709,968	48,033
Tomato juice.....	369,805	27,307	316,724	17,535	1,991,632	148,529	1,860,920	107,251
Other.....	289,399	26,973	299,086	25,693	1,832,639	169,455	1,755,305	171,202
Condensed milk.....	1,331,423	161,084	572,317	75,863	2,574,122	297,141	3,337,599	473,064
Evaporated milk.....	1,595,059	116,849	1,982,652	132,603	11,424,086	829,458	10,967,475	794,033
Canned fruits, total...	12,682,026	1,079,203	11,654,778	876,717	131,892,705	9,854,272	119,705,775	8,964,346
Apples and apple-sauce.....	65,284	3,359	731,873	29,686	6,232,893	295,542	4,771,795	211,882
Apricots.....	694,684	50,684	1,729,781	123,362	6,486,801	484,387	11,155,423	779,680
Berries, other.....	26,848	3,916	34,826	4,869	559,621	60,087	413,368	45,911
Cherries.....	44,229	6,535	149,793	15,691	626,439	79,276	1,175,744	127,458
Fruits for salad.....	3,214,560	355,890	1,691,182	178,462	19,880,289	2,191,643	14,592,833	1,611,009
Grapefruit.....	1,211,197	75,492	2,032,279	129,674	26,022,962	1,354,719	28,596,217	1,885,000
Loganberries.....	45,586	3,424	25,263	2,427	682,324	58,675	211,626	18,863
Peaches.....	3,153,269	246,030	2,327,680	172,372	25,003,139	1,873,018	21,847,777	1,562,096
Pears.....	3,140,481	228,342	1,950,691	131,406	34,166,856	2,406,823	30,223,774	2,096,202
Pineapple.....	626,093	55,690	694,129	61,768	8,994,357	746,755	4,750,504	434,930
Prunes.....	93,026	7,972	59,470	4,986	585,843	53,099	544,549	48,177
Other.....	366,769	41,869	227,811	22,014	2,651,181	250,248	1,422,171	143,138
Canned fish, total.....	2,970,398	285,985	3,656,791	476,182	49,136,637	5,199,195	36,791,817	4,379,345
Salmon.....	518,538	70,293	1,153,226	148,832	19,162,734	3,052,985	14,123,525	2,326,900
Sardines.....	2,221,199	171,845	1,197,932	85,385	27,690,032	1,758,115	18,112,256	1,229,299
Shrimp.....	68,604	15,943	552,333	106,057	1,355,212	243,780	2,276,730	484,017
Shellfish, other.....	115,520	21,831	633,881	115,669	510,771	90,848	1,129,458	188,236
Other.....	46,537	6,073	119,419	20,239	417,888	53,467	1,149,848	150,893
IMPORTS								
Canned beef.....	12,406,883	1,325,828	8,095,923	831,461	42,741,749	4,385,114	38,947,441	4,144,814
Condensed and evaporated milk.....	101,733	3,722	35,121	3,040	782,945	35,116	289,672	23,121
Canned fish in oil:								
Sardines.....	1,858,137	235,564	1,484,193	215,373	15,806,760	2,088,096	8,624,447	1,318,225
Anchovies.....	247,319	98,037	189,586	84,072	1,333,171	482,670	1,076,875	493,307
Tuna.....	1,598,336	295,502	836,983	139,519	8,422,969	1,532,977	3,482,028	561,236
Other.....	127,379	35,396	60,701	13,433	433,658	120,412	305,647	84,386
Canned shellfish:								
Crab meat.....	1,567,274	520,464	815,649	281,075	6,550,240	2,038,575	3,068,486	1,064,186
Clams and oysters...	123,907	22,269	53,091	10,462	494,935	81,443	327,808	68,889
Lobsters.....	121,148	56,178	94,893	47,633	386,975	180,946	324,179	143,210
Other canned fish.....	1,435,746	111,679	857,020	82,981	13,460,154	966,546	6,549,262	591,362
Canned vegetables:								
Peas.....	11,847	1,067	5,930	522	155,485	13,154	252,725	21,873
Mushrooms.....	61,849	23,435	97,539	20,945	371,066	116,375	446,982	108,689
Tomatoes.....	3,300,589	134,961	5,191,966	210,664	23,688,459	939,326	25,264,125	1,046,158
Tomato paste and sauce.....	916,505	64,289	1,053,747	66,504	5,068,044	361,213	4,404,409	297,958
Other.....	15,677	1,122	55,546	2,912	101,939	5,998	126,013	7,519
Canned pineapple, dutiable.....	2,962,979	6,158,872	1,907,338	131,756	6,183,702	296,140	3,718,707	211,160
Philippine Islands, free.....	1,418,000	76,525			6,736,994	350,689	965,044	48,843

Fruit and Vegetable Market Competition

Carlot Shipments as Reported by the Bureau of Agricultural Economics, Department of Agriculture

VEGETABLES	Week ending—			Season total to—	
	July 23 1937	July 23 1938	July 16 1938	July 23 1937	July 23 1938
Beans, snap and lima	27	12	28	7,980	8,068
Tomatoes.....	153	200	594	17,170	26,240
Green peas.....	119	95	92	4,838	3,997
Spinach.....	11	11	15	8,129	6,496
Others, domestic....	866	719	898	78,736	180,561
FRUITS					
Citrus, domestic....	1,581	2,754	2,909	126,375	146,154
Imports.....	13	12	0	324	241
Others, domestic....	2,575	2,452	2,910	8,877	17,307

FSCC to Buy Canned Tomatoes in Ozarks

Purchase by the Federal Surplus Commodities Corporation of 1937 crop canned tomatoes in the Ozark area of Arkansas, Missouri and Oklahoma has been authorized, according to announcement July 26 by the Agricultural Adjustment Administration. Purchases will be made on a competitive bid basis. Approximately 50 per cent of the existing stocks of canned tomatoes may be accepted by the Corporation provided that the tomatoes are offered at prices in line with the present surplus situation. Information concerning holdings of canned tomatoes in the Ozark territory was issued by the Association's Division of Statistics in a tomato stocks report dated July 15, 1938. Only canned tomatoes of U. S. Grade C or better, in No. 2, No. 2½, and No. 10 cans, will be accepted.

Canners offering tomatoes for sale to the Corporation will be required to submit certified statements showing the minimum price which they have contracted to pay or will offer to pay growers for tomatoes for canning. This information, together with other facts requested in canners' offers, will be considered by the Corporation in making acceptances. Offers of tomatoes must be made to the Corporation at Fayetteville, Arkansas, by noon, August 4, 1938.

Prune Marketing Agreement Becomes Effective

Marketing agreement program and an order to regulate the handling in interstate commerce of prunes grown in Umatilla County, Oregon, and in Walla Walla and Columbia Counties, Washington, became effective July 23. The marketing agreement and order program was approved after a majority of growers voting favored the program.

Grocery Chain Store Sales for June

Daily average sales of chain grocery stores for June were about 1½ per cent below the dollar volume for June, 1937, according to figures made public July 19 by the Bureau of Foreign and Domestic Commerce, Department of Commerce. June sales decreased about one per cent from May although there is usually no change between these two months. The seasonally adjusted index, therefore, receded from 93½ for April to 92½ for June on the basis of the average for the years 1929-31 as 100. Sales for the first six months of the year were about 3½ per cent below those for the same period of 1937.

AAA Spends \$54,000,000 on FSCC Operations

Approximately \$54,000,000 were expended during the 1937-1938 fiscal year for purchases of surplus agricultural products and for operation of diversion programs intended to develop new uses, according to a preliminary report released by the Agricultural Adjustment Administration. Over \$45,500,000 were spent in purchasing more than a billion pounds of foodstuffs. The operation of diversion programs, intended to develop new uses and to encourage new domestic and export markets, required slightly more than \$8,500,000 of the funds available to the Secretary of Agriculture during the fiscal year.

For the 1938-39 fiscal year, the Secretary of Agriculture will have around \$79,000,000 available for surplus removal and diversion operations.

Commodities bought during the current fiscal year included: Potatoes, dry skim milk, butter, cheese, whole wheat cereal, rice, potato flour, wheat flour, dried beans, dried peas, cabbage, dried peaches, dried prunes, dried apricots, raisins, dried apples, fresh apples, cottonseed oil shortening, grapefruit juice, fresh grapefruit, eggs and potato starch.

Status of European Corn Borer in 1937

According to the June, 1938, issue of the Journal of Economic Entomology, the European corn borer is now known to be distributed in the eastern counties of Wisconsin and in that portion of the northeastern States composed of all or parts of Indiana, Michigan, Ohio, Pennsylvania, New York and New England and extending down the Atlantic Coast to include New Jersey, southern Delaware, the eastern shore of Maryland and Virginia and several counties on the Virginia mainland.

It is stated that while intensive scouting to determine the exact limits of the area infested by the corn borer has not been performed by the Bureau of Entomology and Plant Quarantine in recent years, information accumulated in cooperation with various States shows only a slow spread since 1932. In 1934, first records of infestation were received from Hamilton county, Ohio, in the Lake States area, and from the following counties in the eastern States area: Cumberland in New Jersey, Sussex in Delaware, Somerset in Maryland, and Northampton in Virginia. In 1935, Brown and Calumet counties in Wisconsin, Boone county in Indiana and Salem county in New Jersey were recorded for the first time as being infested by the corn borer. In 1936, initial infestation was recorded from Norfolk, Princess Anne and Elizabeth City counties, Va., and Johnson county, Ind.; and in 1937, Winnebago county, Wis., was added to the area known to be infested by the borer. Also in 1937, from scouting records provided by the State entomologist of Virginia, light infestations have been observed in the counties of York, Gloucester, Mathews and Northumberland in Virginia.

Insect Occurrence During June

The corn ear worm is occurring in usual abundance in sweet corn and tomatoes over most of the south, according to the July 1 issue of the Insect Pest Survey Bulletin, published by the Bureau of Entomology and Plant Quarantine, U. S. Department of Agriculture. Farther north, in Illinois, and New York, infestation is occurring a little early. It is also re-

ported that the Mexican bean beetle is destructively abundant over the infested territory east of the Mississippi River. The oriental fruit moth is reported to be more abundant than usual from New Jersey southward to Georgia and in Kentucky and Tennessee. Although weather conditions have been unfavorable to chinch bug development, it is noted in this report that isolated areas of infestation, from moderate to severe, are found throughout the chinch bug belt.

COMMITTEE ON SOCIAL SECURITY ACT

Application of Unemployment Compensation Statutes to Canning Industry Will Be Studied

President Karl Kurer Mayer has appointed a special committee to study problems arising in connection with canning industry seasonal labor under the various State unemployment compensation statutes and the Social Security Act. The action was taken under a resolution adopted by the Board of Directors at its meeting in May, directing the president to "appoint a special committee to consider the application of Federal and State unemployment compensation statutes to seasonal labor in the canning industry, which committee shall develop a comprehensive program for the canning industry, secure necessary information in cooperation with the various State and regional associations, and develop recommendations for such action as it believes will effectively reduce the tax burden under such statutes."

The Committee's appointment has two distinct purposes, the first being to explore the possibilities of securing statutory amendments which will wholly or partially exempt seasonal labor from the taxes. The second, and perhaps the more important purpose, is that of studying the merit-rating provisions of the various State statutes with the idea of developing a comprehensive program designed to increase the possibility that canners will in the future qualify for reduced tax rates under the merit-rating plans.

The secretaries of the various State and regional associations are being asked to serve as *ex officio* members of the Committee and, with the cooperation needed from members of the industry, it is believed that the Committee will be able to render a very valuable service. The personnel of the Committee is as follows:

Members

F. Webster Browne, Brunswick, Maine. *Chairman.*
Harold K. Bachelder, Indianapolis, Ind.
Hoyt Ellis, Vinton, Iowa.
Dan Gerber, Fremont, Mich.
E. A. McCornack, Eugene, Ore.
John F. McGovern, LeSueur, Minn.
Ralph Polk, Jr., Haines City, Fla.
Clarence M. Walters, Chicago, Ill.
Harry A. White, San Francisco, Calif.
D. E. Winebrenner, Hanover, Pa.
F. Hall Wrightson, Easton, Md.

Members Ex Officio

J. Logan Bloodworth, Associated Pimiento Canners, Haddock, Ga.
John P. Street, Assn. of New York State Canners, Rochester, N. Y.
E. D. Clark, Association of Pacific Fisheries, Seattle, Wash.
Harry Imwold, Baltimore Canned Foods Exchange, Baltimore, Md.
C. A. Winkler, California Fish Canners Assn., Long Beach, Calif.
Everitt W. Hogle, California Olive Assn., San Francisco, Calif.
Preston McKinney, Canners League of California, San Francisco
Otto Lowe, Eastern Shore of Virginia Packers Assn., Cape Charles
C. C. Rathbun, Florida Canners Assn., Tampa, Fla.
T. C. McCall, Illinois Canners Assn., Gibson City, Ill.

Kenneth N. Rider, Indiana Canners Assn., Trafalgar, Ind.
Hoyt Ellis, Iowa-Nebraska Canners Assn., Vinton, Iowa
F. Webster Browne, Maine Canners Assn., Brunswick, Maine
James Abernethy, Maine Sardine Packers Assn., West Pembroke, Maine
Frank H. Raymond, Michigan Canners Assn., Fremont, Mich.
George A. Borg, Minnesota Canners Assn., Cokato, Minn.
Newlin B. Watson, New Jersey Canners Assn., Greenwich, N. J.
E. M. Burns, Northwest Canners Assn., Portland, Ore.
Roy Irons, Ohio Canners Assn., Clyde, Ohio
J. P. Harris, Ozark Canners Assn., Prairie Grove, Ark.
G. P. Halferty, Pacific Coast Clam Packers Assn., Seattle, Wash.
W. A. Free, Pennsylvania Canners Association, York, Pa.
P. M. Rogers, Pineapple Producers Cooperative Assn., Honolulu
Stuart Simmons, South Texas Canners Assn., Weslaco, Texas
B. Frank Craddock, Tennessee-Kentucky Canners Assn., Dyersburg, Tenn.
W. F. Gohlke, Texas Canners Assn., Austin, Texas
Robert A. Harris, Jr., Tidewater Canners Assn., Kinsale, Va.
F. M. Shook, Tri-State Packers Assn., Easton, Md.
Harvey F. Cahill, Utah Canners Assn., Ogden, Utah
F. W. Brugh, Virginia Canners Assn., Nace, Va.
Marvin P. Verhulst, Wisconsin Canners Assn., Madison, Wis.

Temperature and Rainfall Records

The following table gives the average temperature and total rainfall for the principal pea-growing districts for each of the past two weeks, as shown by the U. S. Weather Bureau reports for selected stations in these districts:

District	Week ended July 19, 1938		Week ended July 26, 1938	
	Temp.	Rain	Temp.	Rain
Maine.....	58	.9	69	1.9
Western New York.....	72	.2	77	.3
Tri-States.....	82	.8	77	2.2
South Central Ohio.....	72	1.8	78	.0
Central Indiana.....	76	.3	78	.0
Central Illinois.....	75	1.7	75	.0
Northern Illinois, Southern Wisconsin.....	73	.8	72	.1
Southern Minnesota.....	74	.0	70	.3
Northern Colorado.....	70	.3	70	.1
Northern Utah.....	77	.0	82	.0
Northwestern Washington.....	72	.0	72	.0
Southeastern Washington.....	85	.0	84	.0

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